

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 76

May 21, 1997, 4:24 pm
Page S-4828 Temp. Record

BUDGET RESOLUTION/New \$20 Billion Grant for Children's Health

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1998-2002 . . . S.Con. Res. 27. Domenici motion to table the Hatch/Kennedy amendment No. 297.

ACTION: MOTION TO TABLE AGREED TO, 55-45

SYNOPSIS: As reported, S. Con Res. 27, the Concurrent Budget Resolution for fiscal year 1998, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 5 years to below the rate of growth in revenue collections (the Congressional Budget Office recently revised upwards its 5-year revenue estimate by \$225 billion).

The Hatch/Kennedy amendment would adjust the functional totals in the resolution to require the Finance Committee to increase tax collections by \$30 billion, to increase the total amount available to be spent under the Finance Committee's jurisdiction by \$2 billion, to increase the total amount available to be spent under the Labor Committee's jurisdiction by \$18 billion, and to decrease the deficit by \$10 billion. The stated purpose of the amendment would be "to provide affordable health coverage for low- and moderate-income children and for additional deficit reduction, financed by an increase in the tobacco tax." The \$20 billion for health care would be in addition to the \$16 billion already assumed in the resolution under the jurisdiction of the Finance Committee to insure low-income children currently without medical coverage. The amendment states that the additional funds would be used for one or more of the following: Medicaid, including outreach activities to identify and to enroll eligible children, efforts to provide 12-month continuous eligibility, and programs to restore Medicaid for disabled children who are losing Supplemental Security Income benefits due to new, reformed qualification rules; and a program of capped mandatory grants to the States to finance health insurance coverage for uninsured children. (See also vote No. 75).

Debate on a first-degree amendment to a budget resolution is limited to 2 hours. Following debate, Senator Domenici moved to table the Hatch/Kennedy amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

(See other side)

YEAS (55)			NAYS (45)			NOT VOTING (0)	
Republicans (47 or 85%)	Democrats (8 or 18%)		Republicans (8 or 15%)	Democrats (37 or 82%)		Republicans (0)	Democrats (0)
Abraham	Hutchinson	Breaux	Chafee	Akaka	Kennedy		
Allard	Hutchison	Cleland	D'Amato	Baucus	Kerrey		
Ashcroft	Inhofe	Feinstein	DeWine	Biden	Kerry		
Bennett	Kempthorne	Ford	Hatch	Bingaman	Landrieu		
Bond	Kyl	Hollings	Jeffords	Boxer	Lautenberg		
Brownback	Lott	Kohl	Lugar	Bryan	Leahy		
Burns	Mack	Lieberman	Smith, Gordon	Bumpers	Levin		
Campbell	McCain	Robb	Specter	Byrd	Mikulski		
Coats	McConnell			Conrad	Moseley-Braun		
Cochran	Murkowski			Daschle	Moynihan		
Collins	Nickles			Dodd	Murray		
Coverdell	Roberts			Dorgan	Reed		
Craig	Roth			Durbin	Reid		
Domenici	Santorum			Feingold	Rockefeller		
Enzi	Sessions			Glenn	Sarbanes		
Faircloth	Shelby			Graham	Torricelli		
Frist	Smith, Bob			Harkin	Wellstone		
Gorton	Snowe			Inouye	Wyden		
Gramm	Stevens			Johnson			
Grams	Thomas						
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Warner						
Helms							

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

Those favoring the motion to table contended:

Argument 1:

The one certain effect of the Hatch/Kennedy amendment would be to increase taxes and spending. If Congress then eventually passed the Kennedy/Hatch bill on which this amendment's spending and tax increases are based (Congress would be under no obligation to pass that bill; it could increase spending on anything it desired, and it could raise taxes or reduce tax relief any way it wanted to so long as it matched the totals in the amendment), a new Federal entitlement to provide nationalized health care to children would be created, and massive new taxes on tobacco would be imposed. States would lose revenues, and would be virtually forced to accept the Federal Government's takeover of health care for children. In fairness, our colleagues do not intend that result; they intend only to provide health coverage to children who do not currently have it. However, intentions do not matter, results do.

In the United States, we have nationalized health care for senior citizens and poor people. The two programs that provide that heavily bureaucratized, expensive, and frequently inadequate care are the Medicare and Medicaid programs. Those two programs are the fastest growing Federal entitlements. Federal entitlement spending is crowding out all other Government spending and is driving our country deeply into debt. Our colleagues are obviously not impressed by these facts, because they now want us to pass a similar program that supposedly would be just for uninsured children. Over the next 5 years, Congress would be required to appropriate \$20 billion for this new program. This mandatory spending would be given to the States. The States would be given explicit instructions on how to spend the money. No less than 30 mandates would be imposed. At present, 33 States have ongoing programs to get health care to uninsured children. For instance, New Hampshire has developed a demonstration program for its uninsured children, and has found that it can get half of those kids insurance at no cost to the taxpayers. Several aspects of New Hampshire's program would be illegal under the new Federal program. The mandates would not just be on the States; they would be on private insurance providers too. For instance, both State and private insurers in a State would have to give benefits at the same level as that State's Medicaid benefits. By statute, no exceptions would be allowed; innovative efforts would be illegal. Our colleagues say that their proposal is different in that States would not have to join and an individual entitlement would not be given, but they are ignoring how coercive their proposal is. The revenue source, an increase in the tobacco tax, is one on which States already heavily rely to pay for their expenses. The huge increase in the Federal tax would dampen tobacco sales and would cost States a minimum of \$6.5 billion. In essence, what the Hatch/Kennedy amendment would do is take money away from the States and tell them that they can have it back if they agree to play by the Federal Government's rules. By our way of thinking, that is not a voluntary proposal.

The Hatch/Kennedy amendment is intended to make sure that all children in America have medical coverage. We agree with that goal, but we agree with the supporters of this amendment on little else. First, they have said that the Congressional Budget Office (CBO) says that there are 10.5 million uninsured children, at least 3 million of whom are thought to be eligible for Medicaid. Those statistics are not CBO's, however; the CBO says that they are "from widely quoted estimates." A lot of estimates are floating around; some are wildly, and deliberately, inaccurate. The best estimates are from the Census Bureau which literally counts every person in America. The Census Bureau's statistics have shown that the number of uninsured children in America has stayed at about 13 percent for the past decade. In 1995, the most recent year for which data is available, the Bureau found that 9.8 million (13.8 percent, a decline from the 14.1 percent level of the previous year) children were without health insurance. The flip side of that obviously is that more than 86 percent had insurance, two-thirds of whom were covered by private insurance. Most of those children were only temporarily without coverage--just 4 percent were without insurance for 28 months or more. Of those children, 3.7 million were eligible for Medicaid at no cost to them but were not on it. Of the remaining 6.1 million, about 2.9 million were in families with incomes at least double the poverty level. In other words, those families had the wherewithal to purchase insurance but for whatever reasons did not. That brings us down to 3.2 million children who are from families that are above the poverty level and are not eligible for Medicaid, but do not have the financial means to purchase private insurance. The question is how do we get these children insurance, and what will it cost?

The resolution before us already contains \$16 billion that is intended to come up with means of getting these kids covered. That \$16 billion, in our opinion, will be more than enough to get coverage for those 3.2 million children, plus it will be more than enough to enroll on Medicaid those kids who are currently eligible but are not receiving benefits. The truth is that it is cheap to insure kids--they have lower medical costs than adults, especially elderly adults, and they therefore have lower premiums. It costs Medicaid \$800 per year per child because Medicaid has all the inherent inefficiencies of a Government program. Private insurance, where it exists now for kids, is around \$500 per child. In other places like New Hampshire methods of providing it at much less cost are being found. Our colleagues, though, assume with the CBO that it will cost \$1,200 per child to provide coverage (and under their proposal it just might). From that assumption they have then calculated that a total of \$36 billion will be needed to provide health insurance to the 10.5 million children they say are uninsured. They have therefore proposed the \$20 billion increase to the \$16 billion already in this bill.

To this point we have not even gotten to the worst part of the Hatch/Kennedy proposal. That part is that their program will displace current private sector insurance. Why do our colleagues suppose that private employers, or individuals, will be willing to

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buy insurance when the Government gives it away for free? We remind our colleagues that most low- and middle-income children have private insurance. Only 4 percent of those who do not are without it for a long time. In many instances, the reason they have lost insurance is that a parent has changed jobs. Congress last year acted on the portability problem; the statistics are not yet in, but in large measure we suspect we have already solved much of the problem. Now, though, our colleagues are going to displace that private insurance. It will not cost \$20 billion to insure a few percent of the population, because everyone will want to sign up. The potential costs are absolutely staggering, and they will be born by the States as unfunded mandates.

On substance, the approach of the Hatch/Kennedy amendment to the problem of uninsured children is all wrong. We agree that those children should have medical coverage, but we strenuously disagree that the way to proceed is with a huge new Federal program. This amendment clearly should be tabled.

Argument 2:

It is puzzling that those Senators who have made such saintly comments about how we need to protect children from killer tobacco are not willing to join us in passing legislation that will accomplish that end. We have drafted such legislation that will stop the marketing and sale of tobacco to minors, but none of the Senators who are always up on their soapboxes on this issue will join us. Why not? Why do they refuse to take actions to match their flowing rhetoric? Tobacco is a legal product that adults have the legal right to buy if they so desire. If our colleagues oppose that right, let them say so and let them try to ban it. No Senator so far as we know takes that position. Instead, all we ever hear from Senators is that we ought to increase taxes on tobacco. Frankly, it seems as though they are much more concerned with getting more money for the Government to spend than they are with stopping tobacco use by minors or anyone else. Going by the frequency with which our colleagues like to propose taxing tobacco, we imagine they would be greatly disappointed if people actually quit smoking, because who would they then tax? Our colleagues are in a real win-win situation here. Most people who smoke are low-income Americans who generally do not vote. They may not like getting taxed, but they will not do anything about it, and Americans who generally oppose regressive tax policies are happy with this "sin" tax. Another obvious problem with this tax is that tobacco is a regional crop. Southern States will bear the burden of this new \$30 billion tax. It is pretty easy for Senators from the East, West, and North to be self-righteous when their constituents will not suffer. Our colleagues are not trying to discourage smoking; they are trying to raise money to spend and they are doing it at the expense of low-income, hardworking Southerners. This amendment clearly should be rejected.

Argument 3:

Some Senators have claimed that this amendment does not breach the budget agreement. We could not disagree more strongly. The main points at issue during the budget negotiations were the net level of tax cuts that would be given and the amount of new spending that would be allowed. This amendment would reduce the net tax cuts by one-third and would increase spending by \$20 billion. It is a deal-breaker. President Clinton recognizes it as such, and Republicans who were in the negotiation recognize it as such. Unfortunately, some Democratic Senators (though not all) who helped shape the agreement are now trying to break the deal. Our colleagues are not being very trustworthy. They should live by the compromise and vote against this amendment.

Those opposing the motion to table contended:

This amendment gives Senators a very clear choice: They can vote for little Joey or they can vote for Joe Camel. A number of obfuscating arguments have been raised, but the choice is really that simple. This amendment has nothing to do with the budget agreement, nothing to do with entitlements, nothing to do with unfunded mandates, and nothing to do with nationalizing health care. It asks a very simple question: should a large new tax (43 cents per pack) be imposed on tobacco, and should that revenue be used to make sure that all children in America have access to medical care? When Americans were polled on that question, everyone, rich and poor, liberal and conservative, white and black, northern and southern, strongly agreed. Less than one-fourth were opposed. Even half of all smokers said that they were for the proposal.

As we see it, the tax is not really a tax, it is a user fee. No one has to, and no one should, smoke. However, many people use tobacco, and that use imposes costs on society. According to the Centers for Disease Control, the annual medical costs from tobacco use are \$100 billion, and \$50 billion of those costs are directly attributable to tobacco use. A tax of \$2.06 per pack would have to be imposed to cover that entire \$100 billion cost. The current tax, though, is only 24 cents per pack, which is not even enough to cover the direct Federal expenditures to treat medical problems from tobacco. Over the years, that tax has not kept pace with inflation. In fact, even though this amendment would increase the tax by 43 cents, it would still be less in real terms than it was in 1964. Adding this tax will make cigarettes more expensive, and will discourage those people least able to afford them--minors--from starting to smoke. Over time, we could tax tobacco use out of existence in America.

Increasing the tax, or user fee, on cigarettes is an issue that is totally separate from the budget agreement. It would in no way affect

the level of tax relief that has been agreed to. Family, capital gains, and estate tax relief would not change. The argument that agreeing to this amendment would change those totals is fallacious. If the whole Senate voted to change the revenue number based on an assumed increase in the tobacco tax, then the Finance Committee would have no other realistic choice but to comply. Technically, our colleagues can argue that the Finance Committee could ignore the will of the Senate and just provide less family or other tax relief, but they know full well that it would not.

Another claim our colleagues make is that we have already negotiated with the White House on the amount of new spending, and have in fact included new spending in this bill for uninsured children, so this amendment therefore breaks the agreement by increasing spending on an area that has already been settled. We disagree. The limits on spending and tax relief were made within the context of achieving a balanced budget. Agreeing to the Kennedy/Hatch amendment would not hurt the effort to balance the budget; in fact, it would help it by providing an extra \$10 billion for tax relief. There is strong bipartisan support for making sure every child in America is insured; so as long as that insurance is provided without hurting the effort to balance the budget we are still within the agreement.

The most strident, and we think the most inaccurate, charges that have been leveled against the Hatch/Kennedy amendment are that it will create a massive new entitlement, nationalize health care for children, and impose unfunded mandates. The text of the Hatch/Kennedy bill on which this amendment is based clearly refutes all these charges. First, the bill explicitly states that no individual entitlement will be provided. If a State does not get enough money to provide insurance, it does not have to provide insurance, case closed. The liberal supporters of the bill were not at all happy that this language was included. Second, the mandates in the bill are kept to an absolute minimum. Detailed program requirements are not specified; a block grant will be given, and each State will have broad discretion on how it will proceed. Third, a State will not have to proceed at all--if it does not want to participate, it will not have to. We are frankly amazed at how some of our colleagues have misinterpreted how this bill will work in effect. They at least have conceded that we did not craft the bill to work as they claim it will work. Perhaps all we need to do is work with our colleagues to design the type of block grant that they say would be fair to the States. We do not want to stifle innovation, or impose uniform Federal solutions; we only want to make sure kids get needed health care.

As much as possible, Congress likes to use CBO estimates. We have used CBO estimates in deciding how much money is required to make sure all children get health care coverage. According to the CBO, about \$15 billion is needed for Medicaid, and another \$20 billion is needed for kids who do not qualify for Medicaid, in order to cover the estimated 10.5 million uninsured children in America today. This resolution already calls for \$16 billion of the needed \$36 billion; the Hatch/Kennedy amendment would provide the rest of the amount that is needed. We urge our colleagues to support this amendment.